



General Assembly

***Substitute Bill No. 1096***

*January Session, 2001*

***AN ACT CONCERNING THE LICENSING OF INSURANCE  
PRODUCERS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) As used in sections 1 to 19, inclusive, of this act  
2       and chapters 701a and 702 of the general statutes, unless the context or  
3       subject matter otherwise require:

4       (1) "Agent" or "insurance agent" means an insurance producer  
5       appointed by an insurer to act on the insurer's behalf pursuant to  
6       section 13 of this act.

7       (2) "Business entity" means a corporation, association, partnership,  
8       limited liability company, limited liability partnership, or other legal  
9       entity.

10       (3) "Commissioner" means the Insurance Commissioner.

11       (4) "Home state" means any state or territory of the United States,  
12       including, but not limited to, the District of Columbia, in which an  
13       insurance producer maintains the producer's principal place of  
14       residence or principal place of business and is licensed to act as an  
15       insurance producer.

16       (5) "Insurance" means any of the lines of authority contained in title  
17       38a of the general statutes.

18       (6) "Insurance producer" or "producer" means a person required to  
19 be licensed under the laws of this state to sell, solicit or negotiate  
20 insurance.

21       (7) "Insurer" means "insurer", as defined in section 38a-1 of the  
22 general statutes.

23       (8) "License" means a document issued by the commissioner  
24 authorizing a person to act as an insurance producer for the lines of  
25 authority specified in the document. The license itself does not create  
26 any authority, actual, apparent or inherent, in the holder to represent  
27 or commit an insurance carrier.

28       (9) "Limited line credit insurance" includes credit life, credit  
29 disability, credit property, credit unemployment, involuntary  
30 unemployment, mortgage life, mortgage guaranty, mortgage  
31 disability, guaranteed automobile protection insurance and any other  
32 form of insurance offered in connection with an extension of credit that  
33 is limited to partially or wholly extinguishing that credit obligation  
34 that the commissioner determines should be designated a form of  
35 limited line credit insurance.

36       (10) "Limited line credit insurance producer" means a person who  
37 sells, solicits or negotiates one or more forms of limited line credit  
38 insurance coverage to individuals through a master, corporate, group  
39 or individual policy.

40       (11) "Limited lines insurance" means those lines of insurance  
41 referred to in section 38a-782 of the general statutes, as amended by  
42 this act, or any other line of insurance that the commissioner deems  
43 necessary to recognize for the purpose of complying with section 7 of  
44 this act.

45       (12) "Limited lines producer" means a person authorized by the  
46 commissioner to sell, solicit or negotiate limited lines insurance.

47       (13) "Negotiate" means the act of conferring directly with, or

48 offering advice directly to, a purchaser or prospective purchaser of a  
49 particular contract of insurance concerning any of the substantive  
50 benefits, terms or conditions of the contract, provided the person  
51 engaged in that act either sells insurance or obtains insurance from  
52 insurers for purchasers.

53 (14) "Person" means an individual or a business entity.

54 (15) "Sell" means to exchange a contract of insurance by any means,  
55 for money or its equivalent, on behalf of an insurance company.

56 (16) "Solicit" means attempting to sell insurance or asking or urging  
57 a person to apply for a particular kind of insurance from a particular  
58 company.

59 (17) "Terminate" means the cancellation of the relationship between  
60 an insurance producer and the insurer or the termination of a  
61 producer's authority to transact insurance.

62 (18) "Uniform business entity application" means the National  
63 Association of Insurance Commissioners uniform business entity  
64 application for resident and nonresident business entities, as amended  
65 from time to time.

66 (19) "Uniform application" means the National Association of  
67 Insurance Commissioners uniform application for resident and  
68 nonresident producer licensing, as amended from time to time.

69 Sec. 2. (NEW) A person shall not sell, solicit or negotiate insurance  
70 in this state for any class or classes of insurance unless the person is  
71 licensed for that line of authority in accordance with sections 1 to 19,  
72 inclusive, of this act.

73 Sec. 3. (NEW) (a) Nothing in sections 1 to 19, inclusive, of this act  
74 shall be construed to require an insurer to obtain an insurance  
75 producer license. As used in this section, "insurer" does not include an  
76 insurer's officers, directors, employees, subsidiaries or affiliates.

77 (b) A license as an insurance producer shall not be required of the  
78 following: (1) An officer, director or employee of an insurer or of an  
79 insurance producer, provided the officer, director or employee does  
80 not receive any commission on policies written or sold to insure risks  
81 residing, located or to be performed in this state and (A) the officer's,  
82 director's or employee's activities are executive, administrative,  
83 managerial, clerical or a combination thereof, and are only indirectly  
84 related to the sale, solicitation or negotiation of insurance; or (B) the  
85 officer's, director's or employee's functions relate to underwriting, loss  
86 control, inspection or the processing, adjusting, investigating or  
87 settling of a claim on a contract of insurance; or (C) the officer, director  
88 or employee is acting in the capacity of a special agent or agency  
89 supervisor assisting insurance producers where the person's activities  
90 are limited to providing technical advice and assistance to licensed  
91 insurance producers and do not include the sale, solicitation or  
92 negotiation of insurance; (2) a person who (A) secures and furnishes  
93 information for the purpose of (i) group life insurance, group property  
94 and casualty insurance, group annuities, group or blanket accident and  
95 health insurance, (ii) enrolling individuals under plans, or (iii) issuing  
96 certificates under plans or otherwise assisting in administering plans;  
97 or (B) performs administrative services related to mass marketed  
98 property and casualty insurance; provided no commission is paid to  
99 the person for the services performed under subparagraphs (A) and  
100 (B) of this subdivision; (3) an employer or association or its officers,  
101 directors, employees, or the trustees of an employee trust plan, to the  
102 extent that the employer, association officer, employee, director or  
103 trustee is engaged in the administration or operation of a program of  
104 employee benefits for the employer's or association's own employees  
105 or the employees of its subsidiaries or affiliates, which program  
106 involves the use of insurance issued by an insurer, provided the  
107 employer, association, officer, director, employee or trustee is not in  
108 any manner compensated, directly or indirectly, by the company  
109 issuing the contracts; (4) an employee of an insurer, or an organization  
110 employed by an insurer, that is engaged in the inspection, rating or  
111 classification of risks, or in the supervision of the training of insurance

112 producers and who is not individually engaged in the sale, solicitation  
113 or negotiation of insurance; (5) a person whose activities in this state  
114 are limited to advertising without the intent to solicit insurance in this  
115 state through communications in printed publications or other forms  
116 of electronic mass media whose distribution is not limited to residents  
117 of the state, provided the person does not sell, solicit or negotiate  
118 insurance that would insure risks residing, located or to be performed  
119 in this state; (6) a person who is not a resident of this state who sells,  
120 solicits or negotiates a contract of insurance for commercial property  
121 and casualty risks to an insured with risks located in more than one  
122 state insured under the contract, provided the person is otherwise  
123 licensed as an insurance producer to sell, solicit or negotiate such  
124 insurance in the state where the insured maintains its principal place  
125 of business and the contract of insurance insures risks located in that  
126 state; or (7) a salaried full-time employee who counsels or advises his  
127 or her employer relative to the insurance interests of the employer or  
128 of the subsidiaries or business affiliates of the employer provided the  
129 employee does not sell or solicit insurance or receive a commission.

130       Sec. 4. (NEW) (a) A resident individual applying for an insurance  
131 producer license shall pass a written examination unless exempt under  
132 section 8 of this act. The examination shall test the knowledge of the  
133 individual concerning the lines of authority for which application is  
134 made, the duties and responsibilities of an insurance producer and the  
135 insurance laws and regulations of this state, except that no additional  
136 course or examination shall be required for the line of variable life and  
137 variable annuity products. Examinations required by this section shall  
138 be developed and conducted under rules prescribed by the  
139 commissioner, or regulations which the commissioner may adopt  
140 pursuant to section 17 of this act.

141       (b) The commissioner may make arrangements, including, but not  
142 limited to, contracting with an outside testing service, for  
143 administering examinations and collecting the nonrefundable fee set  
144 forth in section 38a-11 of the general statutes.

145 (c) Each individual applying for an examination shall remit a  
146 nonrefundable fee as set forth in section 38a-11 of the general statutes.

147 (d) An individual who fails to appear for the examination as  
148 scheduled or fails to pass the examination shall reapply for an  
149 examination and remit all required fees and forms before being  
150 scheduled for another examination.

151 Sec. 5. (NEW) (a) A person applying for a resident insurance  
152 producer license shall make application to the commissioner on the  
153 uniform application and declare under penalty of refusal, suspension  
154 or revocation of the license that the statements made in the application  
155 are true, correct and complete to the best of the individual's knowledge  
156 and belief. The commissioner shall not approve the application unless  
157 the commissioner finds that the individual (1) is at least eighteen years  
158 of age; (2) has not committed any act that is a ground for denial,  
159 suspension or revocation set forth in section 11 of this act; (3) has  
160 completed, where required by the commissioner, a prelicensing course  
161 of study for the lines of authority for which the person has applied; (4)  
162 has paid the fees set forth in section 38a-11 of the general statutes; and  
163 (5) has successfully passed the examinations for the lines of authority  
164 for which the person has applied.

165 (b) A business entity acting as an insurance producer shall obtain an  
166 insurance producer license. Application shall be made using the  
167 uniform business entity application. The commissioner shall not  
168 approve the application unless the commissioner finds that (1) the  
169 business entity has paid the fees set forth in section 38a-11 of the  
170 general statutes; and (2) the business entity has designated a licensed  
171 producer responsible for the business entity's compliance with the  
172 insurance laws, rules and regulations of this state.

173 (c) The commissioner may require the applicant to submit any  
174 documents reasonably necessary to verify the information contained in  
175 an application.

176 (d) Each insurer that sells, solicits or negotiates any form of limited

177 line credit insurance shall provide to each individual whose duties will  
178 include selling, soliciting or negotiating limited line credit insurance a  
179 program of instruction that may be approved by the commissioner.

180       Sec. 6. (NEW) (a) Unless a person is denied a license pursuant to  
181 section 11 of this act, any person who has met the requirements of  
182 sections 4 and 5 of this act shall be issued an insurance producer  
183 license. An insurance producer may receive qualification for a license  
184 in one or more of the following lines of authority (1) life: insurance  
185 coverage on human lives including benefits of endowment and  
186 annuities, which may include benefits in the event of death or  
187 dismemberment by accident and benefits for disability income; (2)  
188 accident and health or sickness: insurance coverage for sickness, bodily  
189 injury or accidental death which may include benefits for disability  
190 income; (3) property: insurance coverage for the direct or  
191 consequential loss or damage to property of every kind; (4) casualty:  
192 insurance coverage against legal liability, including legal liability for  
193 death, injury or disability or damage to real or personal property; (5)  
194 variable life and variable annuity products: insurance coverage  
195 provided under variable life insurance contracts and variable  
196 annuities; (6) personal lines: property and casualty coverage sold to  
197 individuals and families for noncommercial purposes; (7) credit:  
198 limited line credit insurance; and (8) any other line of insurance  
199 permitted under this state's laws or regulations.

200       (b) An insurance producer license shall remain in effect unless  
201 revoked or suspended provided the fee specified in section 38a-11 of  
202 the general statutes is paid and the continuing education requirements  
203 for resident individual producers are met by the due date.

204       (c) An individual insurance producer who allows an insurance  
205 producer's license to lapse may, not later than twelve months after the  
206 due date of the renewal fee, reinstate the same license without being  
207 required to pass a written examination, except that a penalty in the  
208 amount of double the unpaid renewal fee shall be required for any  
209 renewal fee received after the due date.

210 (d) A licensed insurance producer who is unable to comply with  
211 license renewal procedures due to military service or some other  
212 extenuating circumstance, such as a long-term medical disability, may  
213 request a waiver of those procedures. The producer may also request a  
214 waiver of any examination requirement or any other fine or sanction  
215 imposed for failure to comply with renewal procedures.

216 (e) The license shall contain the licensee's name, address, personal  
217 identification number, and the date of issuance, the lines of authority,  
218 the expiration date and any other information the commissioner deems  
219 necessary.

220 (f) Licensees shall inform the commissioner by any means  
221 acceptable to the commissioner of any change of licensee information  
222 as required under section 38a-771 of the general statutes, as amended  
223 by this act. If, upon investigation, the commissioner determines that a  
224 licensee has failed to timely inform the commissioner of a change in  
225 legal name or address, the commissioner shall impose a penalty  
226 pursuant to section 38a-774 of the general statutes.

227 (g) The commissioner may contract with nongovernmental entities,  
228 including, but not limited to, the National Association of Insurance  
229 Commissioners or any of its affiliates or subsidiaries, to perform any  
230 ministerial functions related to producer licensing that the  
231 commissioner deems appropriate. Such ministerial functions may  
232 include the collection of licensing fees.

233 Sec. 7. (NEW) (a) Unless a person is denied a license pursuant to  
234 section 11 of this act, a nonresident person shall receive a nonresident  
235 producer license if: (1) The person is currently licensed as a resident  
236 and in good standing in the person's home state; (2) the person has  
237 submitted the proper request for licensure and has paid the fees  
238 required under section 38a-11 of the general statutes; (3) the person has  
239 submitted or transmitted to the commissioner the application for  
240 licensure that the person submitted to the person's home state, or in  
241 lieu of the same, a completed uniform application, provided an



242 applicant for a surplus lines brokers license or limited lines credit  
243 insurance producer license may submit any other application  
244 acceptable to the commissioner; and (4) the person's home state  
245 awards nonresident producer licenses to residents of this state on the  
246 same basis.

247 (b) The commissioner may verify the producer's licensing status  
248 through the producer database maintained by the National  
249 Association of Insurance Commissioners, its affiliates or subsidiaries.

250 (c) A nonresident producer who moves to this state from another  
251 state or a resident producer who moves from this state to another state  
252 shall file a change of address and provide certification from the new  
253 resident state not later than thirty days after the change of legal  
254 residence. No licensing fee or application shall be required from a  
255 producer moving to this state pursuant to this section.

256 (d) Notwithstanding any other provision of sections 1 to 19,  
257 inclusive, of this act, a person licensed as a surplus lines broker in the  
258 person's home state shall receive a nonresident surplus lines broker  
259 license pursuant to subsection (a) of this section. Except as provided in  
260 subsection (a) of this section, nothing in this section otherwise amends  
261 or supercedes any provision of sections 38a-740 to 38a-745, inclusive,  
262 of the general statutes, as amended by this act.

263 (e) Notwithstanding any other provision of sections 1 to 19,  
264 inclusive, of this act, a person licensed as a limited line credit insurance  
265 producer or other type of limited lines producer in the producer's  
266 home state shall receive a nonresident limited lines producer license,  
267 pursuant to subsection (a) of this section, granting the same scope of  
268 authority as granted under the license issued by the producer's home  
269 state. For the purpose of this section, limited line insurance is any  
270 authority granted by the home state which restricts the authority of the  
271 license to less than the total authority prescribed in the associated  
272 major lines pursuant to subdivisions (1) to (6), inclusive, of subsection  
273 (a) of section 6 of this act.

274       Sec. 8. (NEW) (a) Except as provided in section 7 or 15 of this act, an  
275 individual who applies for an insurance producer license in this state  
276 and who was previously licensed for the same lines of authority in  
277 another state shall not be required to complete any prelicensing  
278 education or examination if the application is received not later than  
279 ninety days after the cancellation of the applicant's previous license  
280 and if the prior state issues a certification that, at the time of  
281 cancellation, the applicant was in good standing in that state or the  
282 state's producer database records, maintained by the National  
283 Association of Insurance Commissioners, its affiliates or subsidiaries,  
284 indicate that the producer is or was licensed in good standing for the  
285 line of authority requested.

286       (b) A person licensed as an insurance producer in another state who  
287 moves to this state shall make application not later than ninety days  
288 after establishing legal residence to become a resident licensee  
289 pursuant to section 5 of this act. No prelicensing education or  
290 examination shall be required of such person for any line of authority  
291 previously held in the prior state except where the commissioner  
292 determines otherwise by regulation, which the commissioner may  
293 adopt in accordance with chapter 54 of the general statutes.

294       Sec. 9. (NEW) An insurance producer doing business under any  
295 name other than the producer's legal name shall notify the  
296 commissioner prior to using the assumed name.

297       Sec. 10. (NEW) (a) The commissioner may issue a temporary  
298 insurance producer license for a period not to exceed one hundred  
299 eighty days without requiring an examination if the commissioner  
300 deems that the temporary license is necessary for the servicing of an  
301 insurance business in the following cases: (1) To the surviving spouse  
302 or court-appointed personal representative of a licensed insurance  
303 producer who dies or becomes mentally or physically disabled to  
304 allow adequate time for the sale of the insurance business owned by  
305 the producer or for the recovery or return of the producer to the  
306 business or to provide for the training and licensing of new personnel

307 to operate the producer's business; (2) to a member or employee of a  
308 business entity licensed as an insurance producer, upon the death or  
309 disability of an individual designated in the business entity application  
310 or the license; (3) to the designee of a licensed insurance producer  
311 entering active service in the armed forces of the United States; or (4)  
312 in any other circumstance where the commissioner deems that the  
313 public interest will best be served by the issuance of the license.

314 (b) The commissioner may limit the authority of any temporary  
315 licensee in any way deemed necessary to protect insureds and the  
316 public. The commissioner may require the temporary licensee to have  
317 a suitable sponsor who is a licensed producer or insurer and who  
318 assumes responsibility for all acts of the temporary licensee and may  
319 impose other similar requirements designed to protect insureds and  
320 the public. The commissioner may revoke a temporary license if the  
321 interests of insureds or the public are endangered. A temporary license  
322 may not continue after the owner or the personal representative  
323 disposes of the business.

324 Sec. 11. (NEW) (a) The commissioner may place on probation,  
325 suspend, revoke or refuse to issue or renew an insurance producer's  
326 license or may levy a civil penalty in accordance with the provisions of  
327 title 38a of the general statutes, or may take any combination of such  
328 actions, for any one or more of the following causes: (1) Providing  
329 incorrect, misleading, incomplete or materially untrue information in  
330 the license application; (2) violating any insurance laws, or violating  
331 any regulation, subpoena or order of the commissioner or of another  
332 state's commissioner; (3) obtaining or attempting to obtain a license  
333 through misrepresentation or fraud; (4) improperly withholding,  
334 misappropriating or converting any moneys or properties received in  
335 the course of doing an insurance business; (5) intentionally  
336 misrepresenting the terms of an actual or proposed insurance contract  
337 or application for insurance; (6) having been convicted of a felony; (7)  
338 having admitted or been found to have committed any insurance  
339 unfair trade practice or fraud; (8) using fraudulent, coercive or  
340 dishonest practices, or demonstrating incompetence,

341 untrustworthiness or financial irresponsibility in the conduct of  
342 business in this state or elsewhere; (9) having an insurance producer  
343 license, or its equivalent, denied, suspended or revoked in any other  
344 state, province, district or territory; (10) forging another's name to an  
345 application for insurance or to any document related to an insurance  
346 transaction; (11) improperly using notes or any other reference  
347 material to complete an examination for an insurance license; (12)  
348 knowingly accepting insurance business from an individual who is not  
349 licensed; (13) failing to comply with an administrative or court order  
350 imposing a child support obligation; or (14) failing to pay state income  
351 tax or comply with any administrative or court order directing  
352 payment of state income tax.

353       (b) If the action by the commissioner is to nonrenew a license or to  
354 deny an application for a license, the commissioner shall notify the  
355 applicant or licensee and advise, in writing, the applicant or licensee of  
356 the reason for the denial or nonrenewal of the applicant's or licensee's  
357 license. The applicant or licensee may make written demand upon the  
358 commissioner, not later than thirty days after the notice, for a hearing  
359 before the commissioner to determine the reasonableness of the  
360 commissioner's action. The hearing shall be held not later than twenty  
361 days after receipt of such request and shall be held pursuant to section  
362 38a-19 of the general statutes.

363       (c) The license of a business entity may be suspended, revoked or  
364 refused if the commissioner finds, after hearing, that an individual  
365 licensee's violation was known or should have been known by one or  
366 more of the partners, officers or managers acting on behalf of the  
367 partnership or corporation and the violation was neither reported to  
368 the commissioner nor corrective action taken.

369       (d) In addition to or in lieu of any applicable denial, suspension or  
370 revocation of a license, a person may, after hearing, be subject to a civil  
371 fine pursuant to section 38a-774 of the general statutes.

372       (e) The commissioner shall retain the authority to enforce the

373 provisions of, and impose any penalty or remedy authorized by,  
374 sections 1 to 19, inclusive, of this act or title 38a of the general statutes  
375 against any person who is under investigation for or charged with a  
376 violation of sections 1 to 19, inclusive, of this act or title 38a of the  
377 general statutes even if the person's license or registration has been  
378 surrendered or has lapsed by operation of law.

379       Sec. 12. (NEW) (a) An insurance company or insurance producer  
380 shall not pay a commission, service fee, brokerage or other valuable  
381 consideration to a person for selling, soliciting or negotiating insurance  
382 in this state if the person is required to be licensed under sections 1 to  
383 19, inclusive, of this act and is not so licensed.

384       (b) A person shall not accept a commission, service fee, brokerage or  
385 other valuable consideration for selling, soliciting or negotiating  
386 insurance in this state if the person is required to be licensed under  
387 sections 1 to 19, inclusive, of this act and is not so licensed.

388       (c) Renewal or other deferred commissions may be paid to a person  
389 for selling, soliciting or negotiating insurance in this state if the person  
390 was required to be licensed under sections 1 to 19, inclusive, of this act  
391 at the time of the sale, solicitation or negotiation and was so licensed at  
392 that time.

393       (d) An insurer or insurance producer may pay or assign  
394 commissions, service fees, brokerages or other valuable consideration  
395 to an insurance agency or to persons who do not sell, solicit or  
396 negotiate insurance in this state, unless the payment would violate  
397 section 38a-825 of the general statutes.

398       Sec. 13. (NEW) (a) An insurance producer shall not act as an agent  
399 of an insurer unless the insurance producer becomes an appointed  
400 agent of the insurer. An insurance producer who is not acting as an  
401 agent of an insurer is not required to become appointed.

402       (b) To appoint a producer as its agent, the appointing insurer shall  
403 file, in a form approved by the commissioner, a notice of appointment

404 not later than fifteen days after the date the agency contract is executed  
405 or the first insurance application is submitted. An insurer may elect to  
406 appoint a producer to all or some of the affiliated companies within  
407 the insurer's holding company system or group by filing a single  
408 appointment request, provided the commissioner (1) has implemented  
409 an electronic system capable of processing such filings; and (2) has  
410 previously notified insurers doing business in this state that such  
411 filings are acceptable. An insurer that appoints a producer to more  
412 than one affiliated company within the insurer's holding company or  
413 system shall pay the fee specified by section 38a-11 of the general  
414 statutes for each affiliated company to which the producer is  
415 appointed.

416 (c) Upon receipt of the notice of appointment, the commissioner  
417 shall verify within a reasonable time not to exceed thirty days that the  
418 insurance producer is eligible for appointment. If the insurance  
419 producer is determined to be ineligible for appointment, the  
420 commissioner shall notify the insurer not later than five days after the  
421 commissioner's determination.

422 (d) An insurer shall pay an appointment fee, in the amount set forth  
423 in section 38a-11 of the general statutes, for each insurance producer  
424 appointed by the insurer.

425 (e) An insurer shall remit, in a manner prescribed by the  
426 commissioner, a renewal appointment fee in the amount set forth in  
427 section 38a-11 of the general statutes.

428 Sec. 14. (NEW) (a) An insurer or authorized representative of the  
429 insurer that terminates the appointment, employment, contract or  
430 other insurance business relationship with a producer shall notify the  
431 commissioner not later than thirty days following the effective date of  
432 the termination, in a form prescribed by the commissioner, if the  
433 reason for termination is one of the reasons set forth in section 11 of  
434 this act or if the insurer has knowledge the producer was found by a  
435 court, government body, or self-regulatory organization authorized by

436 law to have engaged in any of the activities set forth in section 11 of  
437 this act. Upon receiving a written request from the commissioner, the  
438 insurer shall provide additional information, documents, records or  
439 other data pertaining to the termination or activity of the producer.

440 (b) An insurer or authorized representative of the insurer that  
441 terminates the appointment, employment, or contract with a producer  
442 for any reason not set forth in section 11 of this act, shall notify the  
443 commissioner not later than thirty days following the effective date of  
444 the termination, in a form prescribed by the commissioner. Upon  
445 receiving a written request from the commissioner, the insurer shall  
446 provide additional information, documents, records or other data  
447 pertaining to the termination.

448 (c) The insurer or the authorized representative of the insurer shall  
449 promptly notify the commissioner in a form acceptable to the  
450 commissioner if, upon further review or investigation, the insurer  
451 discovers additional information that would have been reportable to  
452 the commissioner in accordance with subsection (a) of this section had  
453 the insurer then known of its existence.

454 (d) Not later than fifteen days after making the notification required  
455 by subsections (a), (b) and (c) of this section, the insurer shall mail a  
456 copy of the notification to the producer at the producer's last-known  
457 address. If the producer is terminated for cause for any of the reasons  
458 set forth in section 11 of this act, the insurer shall provide a copy of the  
459 notification to the producer at the producer's last-known address by  
460 (1) certified mail, return receipt requested, postage prepaid, or (2)  
461 overnight delivery using a nationally recognized carrier. Not later than  
462 thirty days after the producer has received the original or additional  
463 notification, the producer may file written comments concerning the  
464 substance of the notification with the commissioner. The producer  
465 shall, by the same means, simultaneously send a copy of the comments  
466 to the reporting insurer, and the comments shall become a part of the  
467 commissioner's file and accompany each copy of a report distributed  
468 or disclosed for any reason about the producer as permitted under

469 subsection (f) of this section.

470 (e) In the absence of actual malice, an insurer, the authorized  
471 representative of the insurer, a producer, the commissioner, or an  
472 organization of which the commissioner is a member and that  
473 compiles the information and makes it available to other  
474 commissioners or regulatory or law enforcement agencies shall not be  
475 subject to civil liability, and a civil cause of action of any nature shall  
476 not arise against said persons or entities or their respective agents or  
477 employees as a result of any statement or information required by or  
478 provided pursuant to this section or any information relating to any  
479 statement that may be requested in writing by the commissioner, from  
480 an insurer or producer, or a statement by a terminating insurer or  
481 producer to an insurer or producer limited solely and exclusively to  
482 whether a termination for cause under subsection (a) of this section  
483 was reported to the commissioner, provided the propriety of any  
484 termination for cause under subsection (a) of this section is certified in  
485 writing by an officer or authorized representative of the insurer or  
486 producer terminating the relationship. In any action brought against a  
487 person that may have immunity under this section for making any  
488 statement required by this section or providing any information  
489 relating to any statement that may be requested by the commissioner,  
490 the party bringing the action shall plead specifically in any allegation  
491 that this section does not apply because the person making the  
492 statement or providing the information did so with actual malice. This  
493 section shall not abrogate or modify any statutory or common law  
494 privileges or immunities.

495 (f) Any documents, materials or other information in the control or  
496 possession of the Insurance Department that are furnished by an  
497 insurer, producer or an employee or agent of the insurer or producer  
498 on behalf of the insurer or producer, or obtained by the commissioner  
499 in an investigation pursuant to this section shall be confidential by law  
500 and privileged, shall not be subject to subpoena, shall not be subject to  
501 discovery or admissible in evidence in any private civil action, and the  
502 commissioner shall not be required to disclose the documents,



503 materials or other information pursuant to the Freedom of Information  
504 Act, as defined in section 1-200 of the general statutes, except that the  
505 commissioner may use the documents, materials or other information  
506 to further any regulatory or legal action brought as a part of the  
507 commissioner's duties. Neither the commissioner nor any person who  
508 receives documents, materials or other information while acting under  
509 the authority of the commissioner shall be permitted or required to  
510 testify in any private civil action concerning any confidential  
511 document, material, or information that is subject to this section. The  
512 commissioner may: (1) Share documents, materials or other  
513 information, including the confidential and privileged documents,  
514 materials or information subject to this section, with other state,  
515 federal, and international regulatory agencies, with the National  
516 Association of Insurance Commissioners, its affiliates or subsidiaries,  
517 and with state, federal, and international law enforcement authorities,  
518 provided the recipient agrees to maintain the confidentiality and  
519 privileged status of the document, material or other information; (2)  
520 receive documents, materials or information, including otherwise  
521 confidential and privileged documents, materials or information, from  
522 the National Association of Insurance Commissioners, its affiliates or  
523 subsidiaries and from regulatory and law enforcement officials of  
524 other foreign or domestic jurisdictions, and shall maintain as  
525 confidential or privileged any document, material or information  
526 received with notice or the understanding that it is confidential or  
527 privileged under the laws of the jurisdiction that is the source of the  
528 document, material or information; and (3) enter into agreements  
529 governing sharing and use of documents, materials and information  
530 consistent with this section. No waiver of any applicable privilege or  
531 claim of confidentiality in the documents, materials, or information  
532 shall occur as a result of disclosure to the commissioner under this  
533 section or as a result of sharing as authorized in subdivision (3) of this  
534 subsection. Nothing in sections 1 to 19, inclusive, of this act shall  
535 prohibit the commissioner from releasing final, adjudicated actions  
536 including for cause terminations that are open to public inspection  
537 pursuant to the Freedom of Information Act, as defined in section 1-

538 200 of the general statutes, to a database or other clearinghouse service  
539 maintained by the National Association of Insurance Commissioners,  
540 its affiliates or subsidiaries.

541 (g) An insurer, the authorized representative of the insurer, or  
542 producer that fails to provide notice as required under the provisions  
543 of this section or that is found to have provided notice with actual  
544 malice by a court of competent jurisdiction may, after notice and  
545 hearing, have its license or certificate of authority suspended or  
546 revoked and may be fined in accordance with the provisions of title  
547 38a of the general statutes.

548 Sec. 15. (NEW) (a) The commissioner shall waive any prelicensing  
549 requirements, except the requirements imposed by section 7 of this act,  
550 for a nonresident license applicant with a valid license from the  
551 applicant's home state if the applicant's home state awards nonresident  
552 licenses to residents of this state on the same basis.

553 (b) A nonresident producer's satisfaction of the producer's home  
554 state's continuing education requirements for licensed insurance  
555 producers shall constitute satisfaction of this state's continuing  
556 education requirements if the nonresident producer's home state  
557 recognizes the satisfaction of its continuing education requirements  
558 imposed upon producers from this state on the same basis.

559 Sec. 16. (NEW) (a) A producer shall report to the commissioner any  
560 administrative action taken against the producer in another  
561 jurisdiction or by another governmental agency in this state not later  
562 than thirty days after the final disposition of the matter. The report  
563 shall include a copy of the order, consent to order or other relevant  
564 legal documents.

565 (b) Not later than thirty days after the initial pretrial hearing date, a  
566 producer shall report to the commissioner any criminal prosecution  
567 taken against the producer in any jurisdiction. The report shall include  
568 a copy of the initial complaint filed, the order resulting from the  
569 hearing and any other relevant legal documents.

570 Sec. 17. (NEW) The commissioner may adopt regulations, in  
571 accordance with chapter 54 of the general statutes, to implement the  
572 provisions of sections 1 to 19, inclusive, of this act.

573 Sec. 18. (NEW) Except as provided in section 7 and section 15 of this  
574 act, sections 1 to 19, inclusive, of this act shall not apply to excess and  
575 surplus lines agents and brokers licensed pursuant to sections 38a-740  
576 to 38a-745, inclusive, of the general statutes, as amended by this act,  
577 and section 38a-794 of the general statutes.

578 Sec. 19. (NEW) Nothing in sections 1 to 18, inclusive, of this act shall  
579 be construed as applicable to bail bond insurance under chapter 700f of  
580 the general statutes, or title insurance under chapter 700a of the  
581 general statutes.

582 Sec. 20. Section 38a-704 of the general statutes is repealed and the  
583 following is substituted in lieu thereof:

584 Any person, partnership, association, limited liability company or  
585 corporation, or any person, partnership, association, limited liability  
586 company or corporation acting under a trade name, who acts within  
587 this state, either on [his] the person's own behalf or as a representative  
588 or agent of any other person or partnership, association, limited  
589 liability company or corporation or any other person, partnership,  
590 association, limited liability company or corporation acting under a  
591 trade name, as an insurance producer, as defined in [subsection (1) of  
592 section 38a-702] section 1 of this act, unless such person holds an  
593 insurance producer license then in force from the commissioner  
594 authorizing [him] the person so to act, shall be fined not more than five  
595 hundred dollars or imprisoned not more than three months or both.

596 Sec. 21. Section 38a-769 of the general statutes is repealed and the  
597 following is substituted in lieu thereof:

598 (a) Any person, partnership, association or corporation, resident, or  
599 with its principal place of business in this state, or a nonresident of this  
600 state who is not licensed in any other state, desiring to act within this

601 state as [an insurance producer,] a public adjuster, casualty adjuster,  
602 motor vehicle physical damage appraiser, certified insurance  
603 consultant, surplus lines broker or desiring to engage in any  
604 insurance-related occupation for which a license is deemed necessary  
605 by the commissioner, shall make a written application to the  
606 commissioner for a resident license. Any other person, partnership,  
607 association or corporation desiring to so act or to engage in any  
608 insurance-related occupation for which a license is deemed necessary  
609 by the commissioner, shall make a written application to the  
610 commissioner for a nonresident license. No application for a  
611 nonresident license shall be granted unless the applicant holds an  
612 equivalent license from any other state. Any application for a resident  
613 or nonresident license shall be made for each name or designation  
614 under which such business shall be conducted, in such form as the  
615 commissioner prescribes, stating the line or lines of insurance for  
616 which the applicant desires such license and any other business which  
617 [he] the applicant desires also to transact. All initial applications shall  
618 be accompanied by a nonrefundable filing fee specified in section  
619 38a-11. The commissioner shall cause to be made such inquiry and  
620 examination as to the qualifications of each such applicant as [he] the  
621 commissioner deems necessary.

622 (b) Each application for a license shall be signed by: The applicant, if  
623 the application is for an individual; a licensed officer, if the application  
624 is for a corporation; a licensed partner, if the application is for a  
625 partnership; and a licensed principal, if the application is for any other  
626 applicant.

627 (c) Each applicant for a license shall furnish satisfactory evidence to  
628 the commissioner that [he] the applicant is a person of good moral  
629 character and that [he] the applicant is financially responsible. [,  
630 provided each applicant for a title insurance license, except any such  
631 applicant who held a valid title insurance license on June 12, 1984,  
632 shall also furnish satisfactory evidence that he is a commissioner of the  
633 Superior Court in good standing.] In order to determine the

634 trustworthiness and competency of an applicant the commissioner  
635 shall subject [him] the applicant to personal written examination as to  
636 [his] the applicant's competency to act as a licensee for each line of  
637 insurance for which [he] the applicant desires to be licensed. The  
638 commissioner may, at [his] the commissioner's discretion, designate an  
639 independent testing service to prepare and administer such  
640 examination, provided any examination fees charged by such service  
641 shall be paid by the applicant. The commissioner shall collect the  
642 appropriate examination fee as specified in section 38a-11, which shall  
643 entitle the applicant to take the examination for the license desired,  
644 except that when a testing service is used, the testing service shall pay  
645 such fee to the commissioner for each examination taken by an  
646 applicant. In either case, each such examination shall be as the  
647 commissioner prescribes and shall be of sufficient scope to test the  
648 applicant's knowledge of insurance, the duties and responsibilities of a  
649 licensee and the laws of this state applicable to insurance. The  
650 commissioner may require a waiting period not exceeding six months,  
651 before reexamining any applicant who has failed to pass any such  
652 examination.

653 (d) Upon [satisfying himself] finding that an applicant meets the  
654 licensing requirements of this title and is in all respects properly  
655 qualified and trustworthy and that the granting of such license is not  
656 against the public interest, the commissioner may issue to such  
657 applicant the license applied for, in such form as [he] the commissioner  
658 may adopt, to act within this state to the extent therein specified.

659 (e) The commissioner may [make and enforce such reasonable  
660 regulations as he may deem necessary relating to] adopt regulations,  
661 in accordance with chapter 54, concerning the approval of schools  
662 offering courses in insurance, the content of such courses and the  
663 advertising to the public of the services of these schools.

664 (f) To further the enforcement of this section and to determine the  
665 eligibility of any licensee, the commissioner may, as often as [he] the

666 commissioner deems necessary, examine the books and records of any  
667 such licensee.

668 (g) A license may, in the discretion of the commissioner, be renewed  
669 or continued upon payment of the appropriate fee as specified in  
670 section 38a-11, without the resubmittal of the detailed information  
671 required in the original application.

672 [(h) No license as an insurance producer shall be required of the  
673 following: (1) Any regularly salaried officer or employee of an  
674 insurance company, who is engaged in the performance of usual and  
675 customary executive, technical, administrative or clerical duties and  
676 which duties do not include the negotiation or solicitation of  
677 insurance; such employees shall not solicit, negotiate or effect any new  
678 contractual agreement or change or modify any terms, conditions or  
679 exposure of an existing contractual agreement not provided for in the  
680 original contract, (2) salaried employees in the office of an insurance  
681 producer or company, who devote their full time to clerical and  
682 administrative services, including the receipt of premiums in the office  
683 of their employer, as long as such employees do not receive any  
684 commission and their compensation is not varied by the volume of  
685 premiums taken or received. Such employees shall not solicit,  
686 negotiate or effect any new contractual agreement or change or modify  
687 any terms, conditions or exposure of an existing contractual agreement  
688 not provided for in the original contract.]

689 Sec. 22. Section 38a-771 of the general statutes is repealed and the  
690 following is substituted in lieu thereof:

691 (a) Any person, firm, partnership, association or corporation  
692 holding a license issued pursuant to sections [38a-702 to 38a-717] 38a-  
693 703 to 38a-716, inclusive, as amended by this act, 38a-731 to 38a-735,  
694 inclusive, 38a-741 to 38a-745, inclusive, as amended by this act, 38a-769  
695 to 38a-777, inclusive, as amended by this act, [38a-783] section 10 of  
696 this act, 38a-786, 38a-790, 38a-792 [, 38a-794 and 38a-795] and 38a-794  
697 or holding a license in the name of a trade name shall notify the

698 Insurance Commissioner, in writing, [within thirty days of] not later  
699 than thirty days after any: (1) Change in business or residence address;  
700 (2) change in employer; (3) change in name; or (4) change in licensed  
701 members of a firm, partnership, association or officers of a corporation  
702 as stated in the application for license.

703 (b) Any person, firm, partnership, association or corporation, or any  
704 person, firm, partnership, association or corporation acting as a trade  
705 name, holding a license issued pursuant to sections [38a-702] 38a-703  
706 to 38a-718, inclusive, as amended by this act, 38a-731 to 38a-735,  
707 inclusive, 38a-741 to 38a-745, inclusive, as amended by this act, 38a-769  
708 to 38a-777, inclusive, as amended by this act, [38a-783] section 10 of  
709 this act, 38a-786, 38a-790, 38a-792 [, 38a-794, and 38a-795] and 38a-794,  
710 shall notify the Insurance Commissioner, in writing, [within thirty  
711 days of] not later than thirty days after any bankruptcy proceeding or  
712 the conviction of a felony, or any administrative action taken against  
713 such licensee in another state [within thirty days of] not later than  
714 thirty days after the entering of the administrative order in that state.  
715 Such notification shall be accompanied by all supporting  
716 documentation.

717 (c) If, upon investigation, the commissioner determines that a  
718 producer has violated the provisions of subsection (b) of this section,  
719 [he] the commissioner may, following a hearing as specified in section  
720 38a-774, impose a fine upon and suspend or revoke the license of the  
721 producer.

722 Sec. 23. Section 38a-782 of the general statutes is repealed and the  
723 following is substituted in lieu thereof:

724 [(a) Any applicant for a license as an insurance producer shall  
725 submit written application to the commissioner.]

726 [(b)] (a) A producer license shall indicate the lines of authority  
727 granted to the applicant by examination qualification.

728 [(c) A producer's authority to act as an agent shall be activated on  
729 the date the insurer's authorized licensing representative signs a  
730 written appointment form if the representative sends such form to the  
731 commissioner within three business days of signing and retains proof  
732 of mailing satisfactory to the commissioner, unless the commissioner  
733 determines the appointment is invalid. An insurer shall be responsible  
734 for the actions of the producer that relate to such appointment. As  
735 used in this section, "authorized licensing representative" means an  
736 individual whose name is on file at the Insurance Department as being  
737 authorized to appoint producers.

738 (d) The commissioner may waive the requirement for examination  
739 in the case of (1) any applicant for an insurance producer's license who  
740 is a nonresident of this state and who holds an equivalent license from  
741 any other state. The commissioner of this state shall make such  
742 determination; (2) any applicant for a travel accident or baggage  
743 agent's license; (3) any applicant who at any time within two years  
744 next preceding the date of application has been licensed in this state  
745 under a license of the same type as the license applied for; (4) an  
746 applicant for a temporary producer's license provided for in section  
747 38a-783; (5) any applicant for a life producer's license who has been  
748 awarded the professional designation of Chartered Life Underwriter;  
749 (6) any applicant for a property or casualty producer's license who has  
750 been awarded the professional designation of Chartered Property and  
751 Casualty Underwriter; (7) an applicant for a producer's license to sell  
752 home warranty contracts or home warranty service agreements as  
753 defined in subsection (a) of section 38a-320; (8) any applicant for a  
754 producer's license to sell automobile mechanical breakdown insurance;  
755 (9) any applicant for a producer's license to sell (A) policies covering  
756 property sold under a conditional bill of sale or installment sales  
757 contract where the premium for such coverage is included as an item  
758 in such sales or financing contracts, or (B) policies insuring the life or  
759 health of a purchaser or borrower if the premium for such coverage is  
760 included in the financing or mortgaging agreement; (10) any applicant  
761 for a license to sell title insurance; or (11) any miscellaneous line of



762 insurance designated by the commissioner pursuant to regulations  
763 adopted in accordance with chapter 54.

764 (e) Each applicant for an insurance producer's license shall, before  
765 being admitted to such examination, prove to the satisfaction of the  
766 commissioner that he meets one of the following alternative  
767 prerequisites: (1) That he has successfully completed a course  
768 approved by the Insurance Commissioner requiring not less than forty  
769 hours for each line of insurance for which he desires to be licensed; (2)  
770 that he has equivalent experience or training as determined by the  
771 Insurance Commissioner. No additional course or examination shall be  
772 required for the line of variable products.]

773 [(f)] (b) An applicant for a license as an insurance producer shall  
774 hold himself or herself out to the public in good faith and the license  
775 shall not be used or intended to be used principally for the purpose of  
776 obtaining commissions on policies or bonds on which [he] the  
777 producer, on [his] the producer's own account, pays or is to pay the  
778 premium or on which the premiums are paid or are to be paid by [his]  
779 the producer's spouse, [his] the producer's employer, whether or not  
780 [his] the producer's employment is on a part or full-time basis, or any  
781 corporation of which [he] the producer has stock control, or of which  
782 the stock control is held by any combination of himself or herself, [his]  
783 the producer's employer and [his] the producer's spouse. If the  
784 premiums on policies or bonds intended to be written, or written, by  
785 any such applicant for the general public do not exceed nine times the  
786 premiums on policies or bonds intended to be written, or written, by  
787 [him] the producer for the purpose of obtaining commissions on  
788 premiums paid or to be paid by [him] the producer, [his] the  
789 producer's spouse, [his] the producer's employer and any corporation  
790 of which [he] the producer has stock control or of which the stock  
791 control is held by any combination of himself or herself, [his] the  
792 producer's spouse and [his] the producer's employer, as aforesaid, it  
793 shall be conclusively presumed that the license is intended to be used  
794 or is being used principally for such purpose.

795       Sec. 24. Subdivision (7) of section 38a-91 of the general statutes is  
796 repealed and the following is substituted in lieu thereof:

797       (7) "Producer" shall have the same meaning as "insurance producer",  
798 as defined in section [38a-702] 1 of this act.

799       Sec. 25. Subsection (g) of section 38a-155 of the general statutes is  
800 repealed and the following is substituted in lieu thereof:

801       (g) All insurance products sold through the insurance companies  
802 authorized by this section and the insurance company authorized by  
803 section 4 of public act 84-323\* shall be available to be sold by any  
804 licensed independent agent, as provided in sections [38a-702] 38a-703  
805 to 38a-718, inclusive, as amended by this act, 38a-731 to 38a-735,  
806 inclusive, 38a-741 to 38a-745, inclusive, as amended by this act, 38a-769  
807 to 38a-777, inclusive, as amended by this act, [38a-783] section 10 of  
808 this act, 38a-786, 38a-790, 38a-792 [, 38a-794 and 38a-795] and 38a-794  
809 and so authorized by such insurance company.

810       Sec. 26. Section 38a-188 of the general statutes is repealed and the  
811 following is substituted in lieu thereof:

812       A health care center governed by sections 38a-175 to 38a-192,  
813 inclusive, shall be exempt from the provisions of the general statutes  
814 relating to insurance in the conduct of its operations under said  
815 sections and in such other activities as do constitute the business of  
816 insurance, unless expressly included therein, and except for the  
817 following: Sections 38a-11, 38a-17, 38a-51, 38a-52, 38a-56, 38a-57, 38a-  
818 129 to 38a-140, inclusive, 38a-147 and 38a-815 to 38a-819, inclusive,  
819 provided a health care center shall not be deemed in violation of  
820 sections 38a-815 to 38a-819, inclusive, solely by virtue of such center  
821 selectively contracting with certain providers in one or more  
822 specialties, and sections 38a-80, 38a-543, [38a-702] 38a-703 to 38a-718,  
823 inclusive, as amended by this act, 38a-731 to 38a-735, inclusive, 38a-741  
824 to 38a-745, inclusive, as amended by this act, 38a-769, as amended by  
825 this act, 38a-770, as amended by this act, 38a-772 to 38a-777, inclusive,

826 as amended by this act, [38a-783] section 10 of this act, 38a-786, 38a-  
827 790, 38a-792 [, 38a-794 and 38a-795] and 38a-794, provided a health  
828 care center organized as a nonprofit, nonstock corporation shall be  
829 exempt from sections 38a-146, [38a-702] 38a-703 to 38a-718, inclusive,  
830 as amended by this act, 38a-731 to 38a-735, inclusive, 38a-741 to 38a-  
831 745, inclusive, as amended by this act, 38a-769, as amended by this act,  
832 38a-770, as amended by this act, 38a-772 to 38a-777, inclusive, as  
833 amended by this act, [38a-783] section 10 of this act, 38a-786, 38a-790,  
834 38a-792 [, 38a-794 and 38a-795] and 38a-794. If a health care center is  
835 operated as a line of business, the foregoing provisions shall, where  
836 possible, be applied only to that line of business and not to the  
837 organization as a whole. The commissioner may adopt regulations, in  
838 accordance with the provisions of chapter 54, stating the circumstances  
839 under which the resources of a person which controls a health care  
840 center, or operates a health care center as a line of business will be  
841 considered in evaluating the financial condition of a health care center.  
842 Such regulations, if adopted, shall require as a condition to the  
843 consideration of the resources of such person which controls a health  
844 care center, or operates a health care center as a line of business to  
845 provide satisfactory assurances to the commissioner that it will assume  
846 the financial obligations of the health care center. During the period  
847 prior to the effective date of regulations issued under this section, the  
848 commissioner shall, upon request, consider the resources of a person  
849 which controls a health care center, or operates a health care center as a  
850 line of business, if the commissioner receives satisfactory assurances  
851 from such person that it will assume the financial obligations of the  
852 health care center and determines that such person meets such other  
853 requirements as the commissioner determines are necessary. A health  
854 care center organized as a nonprofit, nonstock corporation shall be  
855 exempt from the sales and use tax and all property of each such  
856 corporation shall be exempt from state, district and municipal taxes.  
857 Each corporation governed by sections 38a-175 to 38a-192, inclusive,  
858 shall be subject to the provisions of sections 38a-903 to 38a-961,  
859 inclusive. Nothing in this section shall be construed to override  
860 contractual and delivery system arrangements governing a health care

861 center's provider relationships.

862 Sec. 27. Section 38a-770 of the general statutes is repealed and the  
863 following is substituted in lieu thereof:

864 Whenever the Insurance Commissioner receives an application for  
865 an initial license or license renewal, pursuant to the requirements of  
866 sections [38a-702] 38a-703 to 38a-718, inclusive, as amended by this act,  
867 38a-731 to 38a-735, inclusive, 38a-741 to 38a-745, inclusive, as amended  
868 by this act, 38a-769, as amended by this act, 38a-771 to 38a-777,  
869 inclusive, as amended by this act, [38a-783] section 10 of this act, 38a-  
870 786, 38a-790, 38a-792 [, 38a-794 and 38a-795] and 38a-794, which is not  
871 accompanied by the required fees, the commissioner shall return such  
872 application together with all accompanying fees. Whenever the  
873 Insurance Commissioner receives an application accompanied by the  
874 required fees accepted by the commissioner, all examination and filing  
875 fees are deemed earned.

876 Sec. 28. Section 38a-772 of the general statutes is repealed and the  
877 following is substituted in lieu thereof:

878 Any person wilfully misrepresenting any fact required to be  
879 disclosed in any application or in any other form, paper or document  
880 required to be filed with the commissioner in connection with an  
881 application for any license issued by the commissioner pursuant to  
882 sections [38a-702] 38a-703 to 38a-718, inclusive, as amended by this act,  
883 38a-731 to 38a-735, inclusive, 38a-741 to 38a-745, inclusive, as amended  
884 by this act, 38a-769 to 38a-777, inclusive, as amended by this act, [38a-  
885 783] section 10 of this act, 38a-786, 38a-790, 38a-792 [, 38a-794 and 38a-  
886 795] and 38a-794 shall be fined not more than five hundred dollars or  
887 imprisoned not more than six months or both.

888 Sec. 29. Subdivision (7) of subsection (a) of section 38a-775 of the  
889 general statutes is repealed and the following is substituted in lieu  
890 thereof:

891 (7) "Insurance producer" has the same meaning as set forth in

892 section [38a-702] 1 of this act.

893 Sec. 30. Subsection (c) of section 38a-976 of the general statutes is  
894 repealed and the following is substituted in lieu thereof:

895 (c) "Agent" shall have the same meaning as ["insurance agent" and]  
896 "insurance producer", as defined in section [38a-702] 1 of this act.

897 Sec. 31. Subsection (c) of section 38a-458 of the general statutes is  
898 repealed and the following is substituted in lieu thereof:

899 (c) No insurance [agent] producer shall sell any such policy,  
900 certificate, rider or endorsement unless the [agent] producer is licensed  
901 to sell both life and health insurance in this state.

902 Sec. 32. Section 38a-713 of the general statutes is repealed and the  
903 following is substituted in lieu thereof:

904 Any insurance [agent] producer who signs or countersigns any  
905 policy of insurance or countersigns any endorsement thereon in blank  
906 shall be fined not more than one hundred dollars, and the  
907 commissioner shall revoke [his] the producer's license.

908 Sec. 33. Subsection (f) of section 38a-323 of the general statutes is  
909 repealed and the following is substituted in lieu thereof:

910 (f) (1) No surplus lines insurer shall be deemed eligible to write  
911 coverage for risks as provided in sections 38a-741 to 38a-744, inclusive,  
912 as amended by this act, 38a-777, as amended by this act, [38a-794 and  
913 38a-795] and 38a-794, unless such surplus lines insurer complies with  
914 the requirements of this section. (2) Notwithstanding the provisions of  
915 subsection (b) of this section, premium billing notices shall be  
916 provided by any surplus lines insurer to the insured at least sixty days  
917 in advance of the renewal or anniversary date of the policy. Notices of  
918 nonrenewal or premium billing required by this section shall be  
919 provided by the surplus lines insurer or its duly authorized  
920 representative to the insured. (3) Notwithstanding the provisions of

921 subsection (c) of this section, failure of any surplus lines insurer to  
922 provide the insured with the required notice of nonrenewal or  
923 premium billing shall entitle the insured to an extension of the policy  
924 for a period of ninety days after the renewal or anniversary date of  
925 such policy, provided if the surplus lines insurer fails to provide the  
926 required notice on or before the renewal or anniversary date of such  
927 policy, the provisions of subsection (c) of this section shall apply. In the  
928 event of such a ninety-day extension of coverage, the premium for the  
929 extended period of coverage shall be the current rate or the previous  
930 rate, whichever is lower.

931 Sec. 34. Subsection (b) of section 38a-324 of the general statutes is  
932 repealed and the following is substituted in lieu thereof:

933 (b) No surplus lines insurer shall be deemed to be eligible to write  
934 coverage for risks as provided in sections 38a-741 to 38a-744, inclusive,  
935 as amended by this act, 38a-777, as amended by this act, [38a-794 and  
936 38a-795] and 38a-794, unless such insurer complies with the  
937 requirements of subsection (a) of this section.

938 Sec. 35. Section 38a-742 of the general statutes is repealed and the  
939 following is substituted in lieu thereof:

940 The licensee shall keep a complete and separate record of all policies  
941 procured from unauthorized insurers under such license. Such records  
942 shall be open to the examination of the commissioner at all reasonable  
943 times and shall show: [(a)] (1) The exact amount of each kind of  
944 insurance permitted under sections 38a-741 to 38a-744, inclusive, as  
945 amended by this act, and 38a-794 [and 38a-795 which] that has been  
946 procured for each insured; [(b)] (2) the gross premiums charged by the  
947 insurers for each kind of insurance permitted under section 38a-794;  
948 [(c)] (3) the amount of each kind of premiums of insurance permitted  
949 by section 38a-794 which were returned to each insured; [(d)] (4) the  
950 name of the insurer or insurers which issued each of such policies; [(e)]  
951 (5) the effective dates of such policies; [(f)] (6) the terms for which they  
952 were issued.

953 Sec. 36. Subsection (a) of section 38a-743 of the general statutes is  
954 repealed and the following is substituted in lieu thereof:

955 (a) Every person, firm, association or corporation licensed pursuant  
956 to the provisions of sections 38a-741 to 38a-744, inclusive, as amended  
957 by this act, 38a-777, as amended by this act, [38a-794 and 38a-795] and  
958 38a-794 shall pay to the commissioner on May first of each year a sum  
959 equal to four per cent of the gross premiums charged the insureds by  
960 the insurers during the period from January first to March thirty-first  
961 of that year, and on August first of each year a sum equal to four per  
962 cent of the gross premiums charged the insured by the insurers during  
963 the period from April first to June thirtieth of that year, on November  
964 first of each year a sum equal to four per cent of the gross premiums  
965 charged the insureds by the insurers during the period from July first  
966 to September thirtieth of that year and on February first of each year a  
967 sum equal to four per cent of the gross premiums charged the insureds  
968 by the insurers during the period from October first to December  
969 thirty-first of the preceding year, for insurance procured by such  
970 licensee pursuant to such license, less the amount of such premiums  
971 returned to such insureds, except that the premium tax shall not apply  
972 to any policy issued to the state of Connecticut or any agency thereof  
973 or to any policy issued to any town, or agency of such town or special  
974 taxing district when said town, agency or department thereof or  
975 special taxing district appears in the policy as the named insured and  
976 as such is responsible for the payment of premiums shown on said  
977 policy. Each licensee shall also file on May first, August first,  
978 November first, and February first a return, in the form described by  
979 the commissioner, showing such information as the commissioner  
980 deems necessary.

981 Sec. 37. Section 38a-744 of the general statutes is repealed and the  
982 following is substituted in lieu thereof:

983 Any licensee acting in conformance with sections 38a-741 to 38a-744,  
984 inclusive, as amended by this act, 38a-777, as amended by this act,  
985 [38a-794 and 38a-795] and 38a-794 shall not be subject to personal

986 liability as set forth in section 38a-714.

987 Sec. 38. Section 38a-745 of the general statutes is repealed and the  
988 following is substituted in lieu thereof:

989 Each insurance policy issued pursuant to sections 38a-741 to 38a-  
990 744, inclusive, as amended by this act, 38a-777, as amended by this act,  
991 [38a-794 and 38a-795] and 38a-794 by a surplus lines insurer shall bear  
992 on its cover, in not less than ten point bold red type, the following:

993 NOTICE

994 This policy is not protected by the Connecticut Insurance Guaranty  
995 Association.

996 Sec. 39. Section 38a-777 of the general statutes is repealed and the  
997 following is substituted in lieu thereof:

998 Any licensee under sections 38a-741 to 38a-744, inclusive, as  
999 amended by this act, 38a-777, as amended by this act, [38a-794 and 38a-  
1000 795] and 38a-794 who negotiates, continues or renews any contract for  
1001 insurance in any unauthorized company, and who neglects to make  
1002 and file the affidavit and statements required by said sections, or who  
1003 wilfully makes a false affidavit or statement, or who negotiates,  
1004 continues or renews any such contract of insurance after the revocation  
1005 or during the suspension of [his] the licensee's license, shall forfeit [his]  
1006 the license if not previously revoked and shall be fined not more than  
1007 five hundred dollars or imprisoned not more than six months or both.

1008 Sec. 40. Subsection (a) of section 38a-784 of the general statutes is  
1009 repealed and the following is substituted in lieu thereof:

1010 (a) Any license issued for an insurance producer by the  
1011 commissioner shall be in force only until the first day of February in  
1012 each even-numbered year, but may be renewed by the commissioner,  
1013 in [his] the commissioner's discretion and without formality other than



1014 proper application and satisfactory proof that such applicant at that  
1015 time possesses the required qualifications for license and that the  
1016 issuance of such license will not be contrary to the licensing provisions  
1017 of this title, provided any producer's license issued by the  
1018 commissioner, except a temporary producer's license provided for in  
1019 section [38a-783] 10 of this act, shall continue in force until cancelled,  
1020 suspended or revoked and provided the insurance company  
1021 represented by any licensee or licensees shall furnish the  
1022 commissioner, prior to May first, biennially, the names of its agents  
1023 whose appointments it wishes to continue. The fees for producer  
1024 licenses and agent appointments shall be assessed biennially as  
1025 provided in section 38a-11.

1026 Sec. 41. Section 53-323 of the general statutes is repealed and the  
1027 following is substituted in lieu thereof:

1028 No person, firm or corporation selling real or personal property or  
1029 engaged in the business of financing the purchase of real or personal  
1030 property or of lending money on the security of real or personal  
1031 property shall require, as a condition to such sale, financing or lending,  
1032 or as a condition to the renewal or extension of any such loan or to the  
1033 performance of any other act in connection with such sale, financing or  
1034 lending, that the purchaser or borrower, or [his] the purchaser's or  
1035 borrower's successors, shall negotiate through a particular insurance  
1036 company, or insurance [agent or broker] producer, any policy of  
1037 insurance or renewal thereof. No person, firm or corporation named as  
1038 a loss payee or having an interest under any mortgagee provision of  
1039 any insurance policy issued in connection with the sale of real or  
1040 personal property or the financing of the purchase of real or personal  
1041 property, shall require as a condition to releasing or endorsing any  
1042 claim settlement payment that the property insured be inspected by  
1043 such loss payee or mortgagee or its designee, unless it is inspected or  
1044 approved at such loss payee's or mortgagee's own effort and expense.  
1045 If such inspection is required, it shall be completed, with respect to  
1046 personal property, within two days, excluding Saturdays, Sundays and

1047 legal holidays, of notification of the availability of such property and,  
1048 with respect to real property, within thirty days, excluding Saturdays,  
1049 Sundays, and legal holidays, of such notification. If any loss payee  
1050 chooses to inspect any personal property pursuant to this section, such  
1051 loss payee or the designee of such loss payee shall be authorized to  
1052 endorse at the time of such inspection any such claim settlement  
1053 payment. If an agreement is reached concerning the amount of the  
1054 settlement at the time of such inspection, such loss payee or designee  
1055 shall endorse at that time any such claim settlement payment. Any  
1056 person, firm or corporation, whether as principal, agent, officer or  
1057 director, for [himself] the person or itself, or for another person, firm or  
1058 corporation, violating the provisions of this section shall be fined not  
1059 more than one hundred dollars.

1060 Sec. 42. Sections 38a-702, 38a-706, 38a-708, 38a-711, 38a-717, 38a-783  
1061 and 38a-795 of the general statutes are repealed.

**INS**        *Joint Favorable Subst.*

**GAE**        *Joint Favorable*

**JUD**        *Joint Favorable*